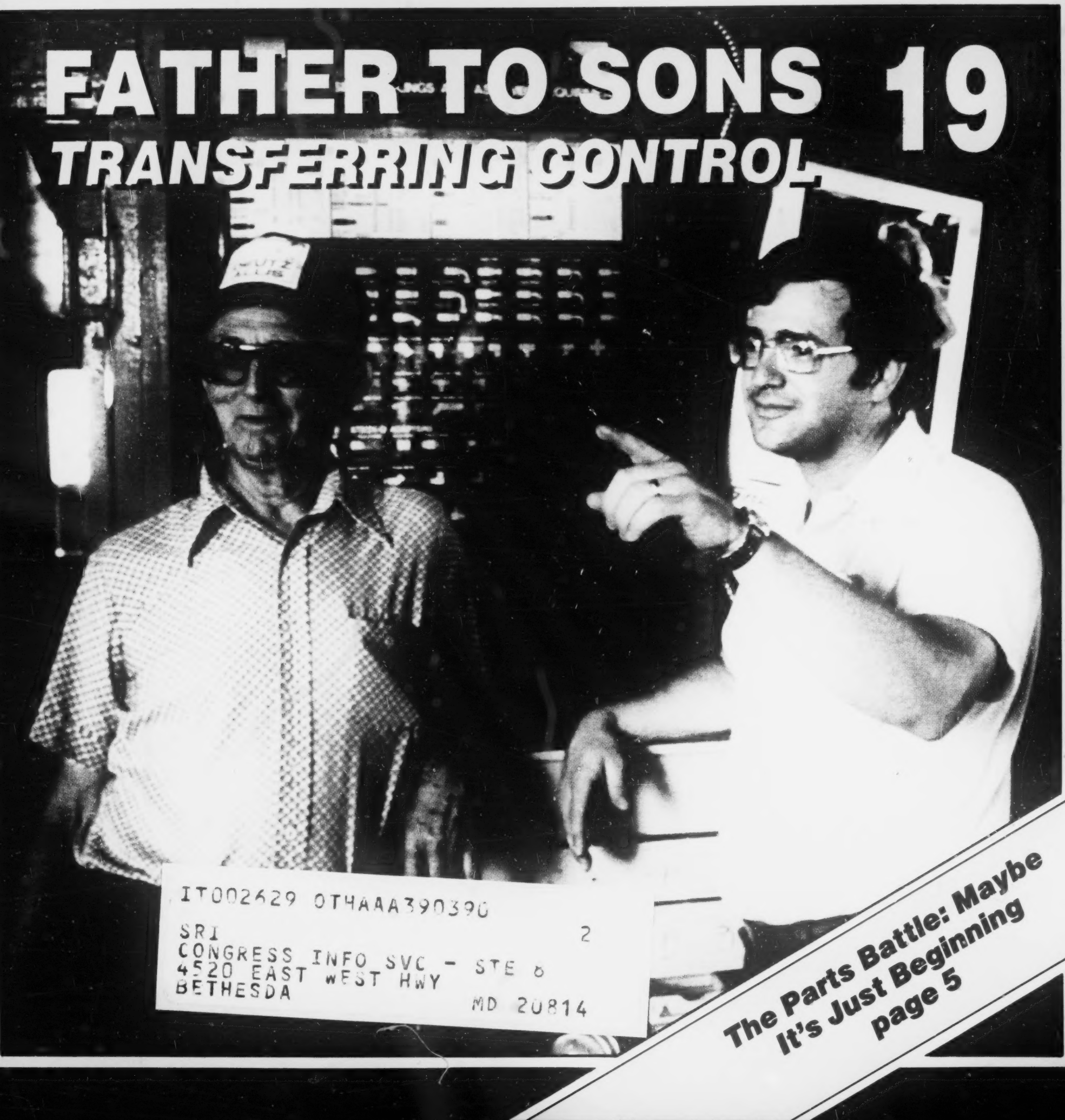
I&T 100 YEARS OF LEADERSHIP

Implement & Tractor

The business magazine of the farm and industrial equipment industry August 1989

Are You in Compliance? page 16

FATHER TO SONS 19
TRANSFERRING CONTROL



IT002629 0T4AAA390390 2
SRI
CONGRESS INFO SVC - STE 6
4520 EAST WEST HWY
BETHESDA MD 20814

The Parts Battle: Maybe It's Just Beginning page 5

IMPLEMENT & TRACTOR
Editorial, advertising and circulation correspondence should be addressed to: P.O. Box 1420, Clarksdale, Mississippi 38614.
Telephone: 601/624-8503

EDITORIAL
Bill Fogarty, Editor
4210 Johnson Drive, Suite 100
Fairway, Kansas 66205
Telephone: 913/677-5728

Hembree Brandon, Editorial Director
Edward A. Phillips, Managing Editor

CIRCULATION
Send change of address forms and circulation inquiries to:
Implement & Tractor
P.O. Box 1420
Clarksdale, Mississippi 38614

ADVERTISING
Darrah Parker, Production Manager
P.O. Box 1420
Clarksdale, Mississippi 38614
Telephone: 601/624-8503

Midwestern and Eastern Advertising Representative:
Thompson & Associates, Inc.
20 N. Wacker Dr., Suite 1221
Chicago, Illinois 60606
Telephone: (312) 726-1020

Stockwell/Midwest
1900 Erie, Suite 203
North Kansas City, Missouri 64116
816/587-7484
Ray Stockwell

Haruki Hirayama
EMS, Inc.
Sagami Building 2-21
Shinjuku 4-chome, Shinjuku-ku
Tokyo 160 Japan
Phone: (03) 350-5666
Cable: EMSINCPERIOO Tokyo
Telex: 2322520 EMSINC J

ADMINISTRATION
Tommy L. Keith, President and Publisher

Subscription Information: Implement & Tractor is edited for persons in the farm and industrial equipment industry who function in the areas of retail sales and service, distribution sales and service, marketing, engineering, financing, manufacturing and general management. Subscription prices: U.S. and Canada one year — $15, three years — $30. Single copies, $3.50, except Annual Statistical Number, $4; Product File issue, $8; Red Book issue, $8. Extra charge for service on back issues. Allow 6-8 weeks for change of address and new subscriptions. Foreign subscriptions: Air Mail only available. One year — $100; Three years — $250 (U.S. currency).

Photocopy rights: Permission to photocopy for internal or personal use is granted by Farm Press Publications for libraries and others registered with the Copyright Clearance Center (CCC), provided the base fee of $2.00 per copy of article is paid directly to CCC, 21 Congress Street, Salem, Massachusetts 01970. Special requests should be addressed to Edward Phillips at the Clarksdale, Mississippi, address.

ISSN 0019-2953 $3.50 + 0.00
Copyright 1989. All rights reserved.

Farm Press Publications, Inc.

I&T 100 YEARS OF LEADERSHIP

Implement & Tractor

The business magazine of the farm and industrial equipment industry.
August 1989 • Vol. 104 • No. 9

On Our Cover

Many dealers have had problems turning control of the business over to their designated successors. But they've made the change successfully at Arthur Ring & Sons.

19

FEATURES

5: **PARTS BATTLE:** As our industry assesses its parts war, is it forgetting that it's part of something bigger?

11: **RIDGE-PLANTING:** Many farmers are taking up ridge-planting as a means to save on a broad range of production costs. Here is a look at some of the ways they are making the change.

12: **NEW TILLAGE EQUIPMENT:** A brief review of some of the new products on the market.

16: **ENVIRONMENTAL HANDBOOK:** This is literature you won't enjoy, but it could save you a lot of trouble.

23: **GLOBAL MARKET:** Doesn't matter if you're a dealer with a 25-mile trade territory or a marketing v-p trying to compete in Latin America with Europeans. It's a one-world industry and its changes will affect you.

DEPARTMENTS

Letters....4
Editor's Notebook....5
Industry Update....8
Market Notes....22
What's New....25
What They're Saying....28
Book Looks....30
Brown Pages....31
Classified....32

IMPLEMENT & TRACTOR (USPS 461-750, ISSN-0019-2953) is published monthly, except combined November/December issue, and in March and October, when two issues are published by Farm Press Publications, Inc., P.O. Box 1420, Clarksdale, Miss. 38614. Second class postage paid at Senatobia, Miss. and additional mailing offices. POSTMASTER: Send Form 3579 to P. O. Box 1420, Clarksdale, Miss. 38614.

Midyear Retail Sales: All But One Product Area Up

Only tractors under 40 horsepower showed a decline in the first six months of 1989, according to the Farm & Industrial Equipment Institute's monthly flash report. All other product groups have experienced increases for the first half.

Self-propelled combines took a major sales increase in June, raising the year's total to 2,447 units, up 7 percent on 1988's first half.

UNIT RETAIL SALES

	June			Jan.-June		
Equipment	**1989**	**1988**	**% Change**	**1989**	**1988**	**% Change**
Farm Wheel Tractors:						
2-Wheel Drive						
Under 40 HP	6,188	7,229	-14.4	26,066	32,053	-18.7
40 & Under 100 HP	3,967	3,638	9.0	18,814	17,750	6.0
100 & Under 140 HP	438	312	40.4	2,723	2,328	17.0
140 HP & Over	861	710	21.3	7,479	5,361	39.5
Total 2-Wheel Drive	**11,454**	**11,889**	**-3.7**	**55,082**	**57,492**	**-4.2**
4-Wheel Driver						
Under 200 HP	96	103	-6.8	602	517	16.4
200 HP & Over	216	162	33.3	1,505	890	69.1
Total 4-Wheel Drive	**312**	**265**	**17.7**	**2,107**	**1,407**	**49.8**
Total Farm Wheel Tractors	**11,766**	**12,154**	**-3.2**	**57,189**	**58,899**	**-2.9**
Combines (Self-Propelled)	762	499	52.7	2,447	2,288	6.9
Rectangular Balers	1,383	1,436	-3.7	3,430	3,154	8.8
Forage Harvesters (Shear Bar Type)	428	423	1.2	1,020	978	4.3
Mower Conditioners	3,172	2,745	15.6	7,372	6,569	12.2

Caterpillar Forms New Ag Unit

Caterpillar Inc. has announced that it has formed a new agricultural business unit. It will be responsible for the design, manufacture and marketing of the company's agricultural products, including the Challenger 65 tractor. Heading the business unit is James A. Bockhaus, who has been general manager of Caterpillar's Service Technology Group.

Bockhaus, a 30-year Caterpillar veteran, will report to executive vice president Glen Barton.

A Caterpillar spokesman said that a larger version of the Challenger tractor is being researched for introduction at a later date. Essentially, the Challenger is the only specifically agricultural machine the company sells, though some of its basic construction crawler tractors are modified for agricultural applications. All Caterpillar distributors are eligible to sell the Challenger, the spokesman said, though not all of them do so.

U.S. Pavilion Set for Soviet Expo

The U.S. Department of Commerce has announced that it will have a pavilion at Selknozteknika-90, an exhibition of farm machinery and instruments in Moscow, USSR, Sept. 4-13, 1990. The exposition is organized by Expocentr of the USSR Chamber of Commerce.

According to an Expocentr release, major thematic sectors of the exposition include "tillers and implements, chemistry in agriculture, land reclamation equipment, small mechanization, grass and forage harvesting, cut-grass fodder production, agro-industrial associations livestock equipment, research in tractor and farm machine building, and reforestation machinery."

For further information, contact Mary Wiening, U.S. Department of Commerce, Room H-2102, Washington, D.C., telephone 202-377-4708.

Canada Midyear: Ups and Downs

Retail sales of farm equipment in Canada, as reported by the Canadian Farm & Industrial Equipment Institute, have shown strength in some product areas and declines in others. For the first six months of 1989, sales of tractors under 40 hp were down 4.8 percent to 2,062 units; 40-99 hp tractors, down 11.6 percent to 3,990 units; two-wheelers over 100 hp up 30 percent to 1,475; and four-wheelers up 34 percent to 731 units.

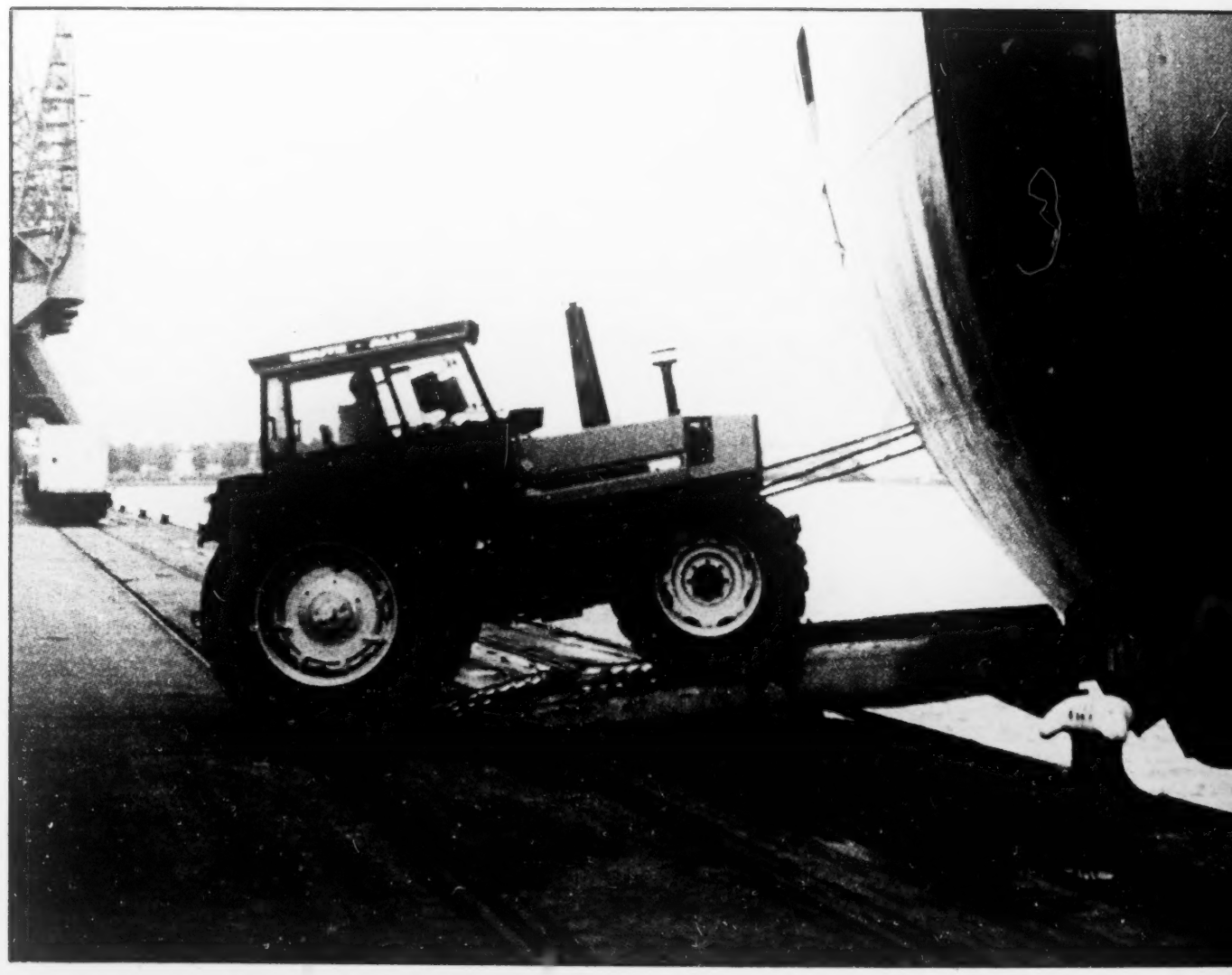
Rectangular baler sales were down 17 percent to 574 units, but round baler volume was up 4.4 percent to 1,338 units. Self-propelled combine sales were off 9 percent to 251 units but pull-types rose by 62 percent to 104 units. Self-propelled swathers went up 38 percent to 219 units; pull-types went up 22 percent to 188. Mower-conditioners went up 2 percent to 1,457 units; forage harvesters were down 14.5 percent to 211 units.

Canadian Forecast: A Good Finish

Canadian farm equipment marketers expect that nation's tractor market to be up in 1989 from 1988 by 3.5 percent to 17,819 units, according to a survey reported by the Canadian Farm & Industrial Equipment Institute.

Tractors under 40 hp are expected to decline by 8 percent from 4,207 units in 1988 to 3,876 this year. Tractors from 40 to 99 hp are predicted to move up slightly from 9,344 last year to 9,517. Two-wheel-drive tractors over 100 hp are expected to increase from last year's 2,333 to 2,876. Four-wheelers are expected to go from 1988's 1,337 to 1,549.

Self-propelled combines are expected to increase in unit sales volume from 1,197 in 1988 to 1,628 in 1989.



We're All In a Global Tractor Market

Doesn't matter if you're a dealer with a 25-mile trade territory or a marketing v-p trying to compete in Latin America with Europeans. It's a one-world industry and its changes will affect you.

By BILL FOGARTY

THE WORLD tractor market has gone through a lot of changes in the past decade. Very interesting, you answer, and go back to thinking about your own business present and future.

Maybe you're a tractor dealer struggling to get a 20-percent tractor market share in a two-county area of Iowa. Maybe you're a district manager for one of the majors, wondering what changes your company might undergo by the start of the 21st Century. Maybe you're a shortline manufacturer wondering how many tractor dealers you can count on to retail your product along with others.

Whatever your situation, it will eventually be touched to some extent by developments elsewhere in the world just within the tractor market. If the company that supplies you or gives you a paycheck can't capture and hold enough of some kind of market share, or if it can't find ways of adapting its assets so that it makes money in a tight, competitive and generally shrinking market, you will be affected.

(More, next page)

GLOBAL *(from pg. 23)*

How much has it happened already? It can be argued that if the world tractor market had stayed as growth-oriented as it was in the 1970s, some of the spectacular consolidations might have happened differently, or not happened.

The growth of the 1970s in the worldwide farm equipment industry was stimulated by unusual demands on world agriculture. Food production had to be raised. This industry responded and delivered a great increase in both tractor units and horsepower. In the process, net factory capacity grew.

In time, food production met and then exceeded demand. The resulting declines in farm prices and income left many tractor producers around the world with excessive, costly capacity.

The situation in the marketplace wasn't quickly recognized. Many companies expected demand to recover in line with cyclical experience. So production wasn't cut sharply enough to match market realities. Surplus inventories thus led to some chaotic marketing practices that hurt the world market players and also the national companies.

The general crunch led to the merging of J I Case Co. and International Harvester's Agricultural Equipment Div.—two world market players. It also affected Allis-Chalmers, which operated as a North American company. A-C was acquired by KHD and placed in its Deutz division, becoming Deutz-Allis.

There are other examples both in the U.S. and Europe.

The world tractor market table does a good job of documenting change in the decade of the 1980s, but it is not perfect. The bottom line—the total—could in fact be deceptive if the table isn't studied carefully.

The total number of units sold in 1980 was 1.284 million and the projection for this year is 1.082 million. That's a decline of under 16 percent over almost a decade, which doesn't sound too painful to adjust to.

But look again at the specific portions of the table which relate to markets served by the major companies. The total tractor market in Western Europe declined by one-third—from 306,000 to 204,000 in the '80s.

The U.S. market has declined numerically more than the table indicates. The 119,331 figure for 1980 does not include tractors under 40 horsepower. At that time, the Farm & Industrial Equipment Institute was not publishing its under-40-hp data because some large players in that market were not part of the reporting program. Today, almost all under-40 units are reported. Adding under-40-hp unit sales into the 1980 total would probably have raised it to 160,000.

Thus, the U.S. farm tractor market has declined by about 31 percent in the '80s, from 160,000 to a projected 110,000 this year.

There are some upbeat parts of the world tractor market. Tractor sales in India have risen from about 17,000 in 1980 to 78,000 today. Turkey has gone from 17,000 to 28,000. Unfortunately, the major tractor firms of Europe, North America and Japan do not participate in these markets, unless some licensing agreements are still in effect.

Also, some major segments of the world market almost totally exclude U.S. and West European manufacturers, most notably Japan and the Eastern Bloc nations.

One industrialized Western nation appears not to have suffered through the tractor market decline of the 1980s: Britain. *I&T* asked its England-based correspondent for Western Europe, Michael Williams, how sales could have remained at the 21,000 level through the 1980s.

"There were some unusual circumstances involved," said Mike. "A law took effect in 1976 that all tractors in use had to have ROPS. This meant that a large number of tractors had to be scrapped, and it set up a market surge that lasted a few years. As an aftereffect of that surge in the late 1970s, market sales went down drastically to the 21,000 level you saw for 1980. Later they rose back into the high 20,000s, then fell below 20,000 and have since recovered somewhat."

(See GLOBAL, pg. 30)

The World Farm Tractor Market

(Unit retail sales by country)

Country	1980	1988	1989**
Belgium, Luxemburg	4,764	3,298	3,300
Denmark	4,082	3,300*	3,300
France	58,784	42,492	38,600
Greece	11,129	4,700*	4,700
Ireland	4,453	2,800*	2,700
Italy	64,998	37,300*	35,000
Netherlands	8,212	6,300*	6,000
Portugal	11,351	6,200*	6,200
Spain	32,187	24,000*	22,000
United Kingdom	21,243	22,000*	21,000
West Germany	45,477	30,463	30,000
Total E.E.C.	**266,680**	**182,853**	**172,800**
Austria	10,423	8,490	8,600
Finland	11,275	6,500*	6,500
Norway	6,000	7,300*	7,300
Sweden	7,704	5,300*	5,500
Switzerland	4,599	4,000*	4,000
Total W. Europe	**306,681**	**214,443**	**204,700**
Eastern Europe	**443,000**	**370,000**	**370,000**
Argentina	6,852	6,700	6,700
Brazil	51,691	38,000*	38,000
Canada	28,825	17,500*	18,000
Chili	1,313	2,000*	2,000
Colombia	1,800	2,500*	2,500
Mexico	18,004	9,800*	9,900
United States	119,331	106,746	109,950
Total W. Hemisphere	**227,816**	**183,246**	**187,050**
Australia	13,915	7,700*	7,600
India	16,840	78,000*	78,000
Japan	131,544	98,000*	98,000
Morocco	2,000	2,300*	2,700
New Zealand	4,000	1,900*	1,900
South Africa	21,166	4,500*	4,500
Turkey	16,840	28,500*	28,000
Others (incl. China)	100,000	100,000	100,000
Total Others**	**306,305**	**320,900**	**320,700**
Total World Market	**1,283,802**	**1,088,589**	**1,082,450**

Source: SYGMA (French Assn. of Farm Equipment Manufacturers). *Estimates by SYGMA. **Forecasts by SYGMA and CEMA, a European federation of farm equipment manufacturers.

GLOBAL *(from pg. 24)*

That "other countries" segment of the table includes not only China, as mentioned, but also such places as Egypt, Venezuela, The Philippines, Thailand and Indonesia. The estimate of 100,000 is, in *I&T*'s opinion, probably too low.

It seems apparent that some of today's world market patterns will continue.

*East European and some Latin American tractor lines will feature intensely price-competitive sales efforts.

*Technology will advance the productive capacity of each tractor so that fewer of them will be needed to meet world agricultural needs.

*Major West European and North American tractor makers will continue to make new alliances with their competitors as a way to cut costs and cover the marketplace. (Example: The Deutz-Allis agreement with White-New Idea whereby White provides high-horsepower units for the D-A line.)

*Small, nationally-oriented companies will not be able to compete with the tractor giants by offering about the same product. They will have to find specialties or niches which will sustain them. (Example: SAME of Italy's solid niche in the "mudder" tractor market of the western U.S.)

*The European Community will go to single market status by the end of 1992. If smaller tractor companies (Fendt, Ebro, Steyr) have trouble finding niches in which to survive, the single market may make it impossible for them to survive in competition with the giants.

*Mergers among major companies are likely to continue. The world market probably doesn't need as many giants as it now has, regardless of the survival status of smaller, nationally-oriented companies. □

CHANGE TIRES SAFELY & QUICKLY!
BEAD BUSTER
AMAZING!!!
NEW BEAD BUSTER™
ELIMINATES DAMAGE TO BEADS & WHEELS
REDUCES INJURIES & WORKMANS COMP CLAIMS!
ANYONE CAN BECOME A BEAD BUSTER™ EXPERT IN 30 SECONDS – NO TIRE EXPERIENCE NECESSARY!
DAMAGING & DANGEROUS
NO DAMAGE & SAFE
CALL NOW FOR YOUR FREE 5 MINUTE VIDEO!
CALL TODAY & ORDER YOURS!
1-800-343-3276
OUTSIDE USA (617) 321-3910
BEAD BUSTER
730 Eastern Avenue, P.O. Box 22
Malden, MA 02148-0022
FAX (617) 322-2147
A DIVISION OF GANS TOOL COMPANY
Write in (41) on Reply Card

BUTTING OUT *(from pg. 21)*

dividual responsibility. This includes computers in the office and parts department, efficiencies in the shop and more productive sales efforts.

Says Art: "I realize that many dealers and other family business managers have big trouble training their sons or other successors to management levels. I know that when the dealer is no longer in the picture for one reason or another, there is sometimes a vacant spot, a vacuum. The dealer seems unable to let go of the decision-making process, particularly in sales.

"My own experience has proven that a fellow must start early to convince sons or daughters that the equipment business can be not only interesting, but that it can provide a good living."

He offers some advice:

"Try to avoid emphasizing the bad things. Try to point out the pleasures. Try to keep from constantly complaining in their earshot. This should start in early childhood, too. You will all profit in the long run."

His theory seems to have worked for Arthur Ring & Sons, Rushville and Lewiston, Ill. □

RIDGE *(from pg. 15)*

tempted to downgrade ridging as a practice, or refuse to help farmers make a switch. (Some engineers with major manufacturers have been heard to ridicule ridge-tillage, just as they did with four-wheel drive and front-wheel assist until they became popular and accepted enough for the big companies to embrace.)

Later, as they pull their heads from the sand, some of them may note that familiar customers are driving past them to buy from other dealers or put together their own ridging tools.

To whatever extent that happens, it replicates other developments in the history of farm mechanization. If dealers and their suppliers don't help them, they'll help themselves to the savings and other benefits of ridging, somewhere else. □

BOOK LOOKS

1988 Cost of Doing Business Study is the annual operating analysis of farm, industrial and outdoor power equipment dealers across North America. It's published by the North American Equipment Dealers Assn. and is compiled from financial information provided by over 1,000 dealer members. It's the industry standard with regard to dealer-related operational and financial data. Copies are $25.00 each from NAEDA, 10877, 10877 Watson Rd., St. Louis, Mo. 63127-1081, telephone 314/821-7220.

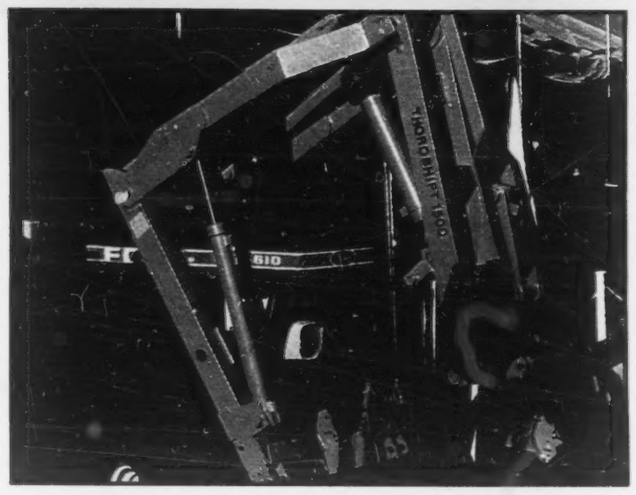
Machinery Fundamentals is published by Salem Co., Box 237, Woodstown, N.J. 08098. Single copies are $25.00 plus $2.00 shipping. It's a course for people without technical training who are involved with mechanical products and whose jobs require reading and understanding product catalogs, parts sheets, assembly drawings, operating manuals and technical specifications. It's said to be useful for customer service persons, phone order-takers, expediters, maintenance workers, sales persons, buyers, administrative workers, etc.

Managing the Sales Territory by Orlan Skare, Skare Instructional Materials, 520 W. 9th St., Willmar, Minn. 56201, $9.95. This is an update and expansion of a previous training manual on sales rep selling. In addition to units on salesmanship, maximizing the order, time management, territory analysis and effective use of the phone, it also looks at selling to a group and at negotiation skills. Each unit is followed by a self-test and a set of discussion questions.

INNOVATION: Alive and Well or Ailing?

IMPLEMENT & TRACTOR

The Business Magazine of the Agricultural, Industrial & Outdoor Power Equipment Industry



VOLUME 104 NO. 10 SEPTEMBER 1989

Dear Reader:

Welcome to your new look **Implement & Tractor**!

No, this is not a one-time "special." Every issue in the future will come to you in this tabloid format that we think will make the publication even more interesting and valuable to you.

We did not make this change easily. After much study and consideration, we became convinced that this format would be the very best way to package the information you want and need in **Implement & Tractor** magazine. But the real "proof of the pudding" will be in what you, our reader and most valued commodity, think about it. If you are inclined and have time to write, we would appreciate hearing your opinion.

While the format is different, we want to assure you that the basic strengths that have kept **I&T** in a position of leadership in the equipment industry for more than 100 years will be maintained and reinforced.

These include the largest circulation and most thorough market coverage of any publication serving the industry, and unsurpassed editorial vitality. You'll continue to get a valuable, highly-readable blend in in-depth features with a full diet of product news to keep you well-informed on what's what and who's who in the industry.

Also, you will continue to receive the highly-respected *Product File* and *Red Book* in October and March, respectively. These valuable annuals will continue to be published in the magazine format.

We appreciate your past reading loyalty and hope you enjoy your "new look" **Implement & Tractor**.

Tommy Keith
President

NAEDA IN BOSTON:
Sales Are Good, Margins Weak

By BILL FOGARTY

HOW CAN margins be so weak when sales are so strong?

Dealers pondered that one continuously as they met in Boston last month to take care of association business. It was the 90th annual convention of the North American Equipment Dealers Assn.

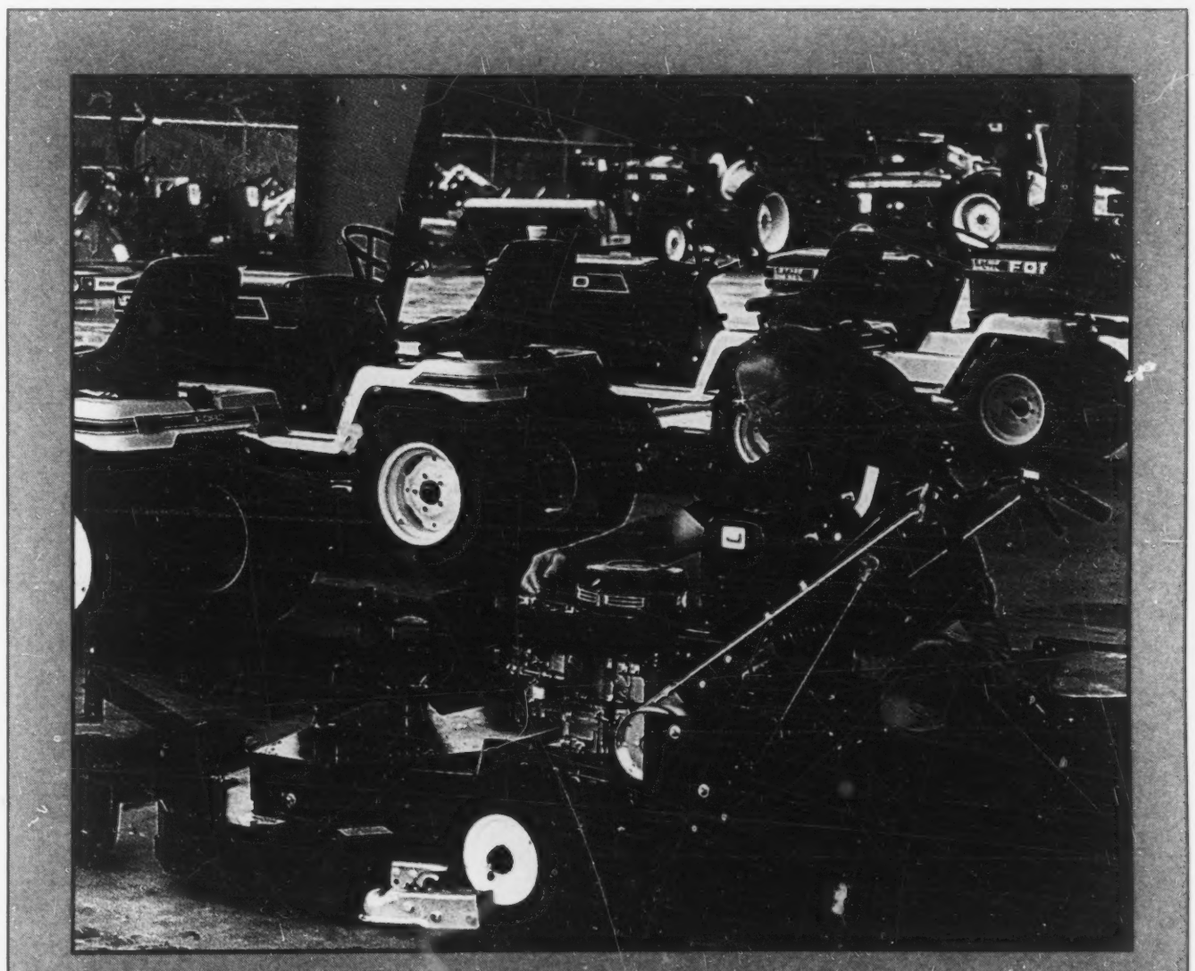
While electing Ron Vavrina, Clarkson, Neb., Deere retailer, as their new president, large numbers of dealers were talking about the apparent paradox of strong demand and fairly tight supplies producing surprisingly thin gross margins.

The NAEDA convention drew about 1,000 registrants, primarily dealers and their families, as well as executives from major supplier companies. The attendance topped the previous year's convention in Vancouver, B.C., by about 100 persons, not a record but an upward trend from recent years.

"The weakness of retail margins is very real," said Vavrina. "They are much lower than anyone had seen, and it's very disconcerting both to dealers and to the manufacturers we talked to."

Vavrina indicated that while the number of dealers in North America has declined considerably in recent years, the number of farmers, particularly those currently in the mar-

(See NAEDA, Page 30)



Commercial Mower Market

KNOXVILLE'S BUDDY COOPER, Ford dealer, moved into the commerical mower market, found it has two levels. See Page 17.

Time for Basic Rethinking on Parts Business

By BILL FOGARTY

Last month, the headline said that the battle for parts market share could be just beginning in this business. We weren't kidding then and nothing has come along in the month since it was written to change this opinion.

What stirred things up? It was the word that at least three investment banking groups were researching the idea of a company that would go after the entire off-highway parts aftermarket.

EDITOR'S NOTEBOOK

Such an enterprise would go after all segments of the parts aftermarket: Farm and industrial equipment, outdoor power equipment, construction equipment, materials handling. It would attack at all levels, dealing directly with end-users, using computer links as well as catalogs, pricing very competitively, sourcing with great clout and ef-

(More, Page 4)

IMPLEMENT & TRACTOR
P.O. Box 1420
Clarksdale, MS 38614

Address Correction Requested

ITO02629 OTHAAA39039O
SRI
CONGRESS INFO SVC - STE 8
4520 EAST WEST HWY
BETHESDA MD 20814

Inside

FEATURES

Innovation: Alive? Ailing?	9
Royal Show	14
Commercial Mower Market	17
Dealers Look At 1995	20
Electronic Inventory	26
Service Estimates	28

DEPARTMENTS

Letters	3
Industry Update	6
Marketing Notes	8, 19
Books	18
What They're Saying	22
Product News	32
Information	38
I&T Marketplace	41

EDITOR'S NOTEBOOK

Time for Basic Rethinking on Parts

(continued from Page 1)

ficiency, perhaps offering franchises, etc.

Before I heard about that, I thought like most of the people I've talked to in this business. We tend to look at farm and industrial equipment as a universe unto itself.

Same with construction, outdoor power and all the other capital goods fields. Yes, they have their distinctions, but the thing that binds them together is parts.

Manufacturers have to go to vendors for most of what makes up their product line. The manufacturer's design engineers, seeking maximum cost efficiency, tend to specify the most common, standard industrial parts to meet their needs. If they didn't, their products would be too expensive and wouldn't sell.

But the consequence is that there are all kinds of sources at hand when these common parts need replacing.

This situation isn't particularly new. What's relatively new is the explosion of knowledge, of awareness, of information.

Little, small-town auto parts stores found out that they can get a piece of the farm equipment parts market by promoting some of the inventory they already had access to.

Contractors found out they can get undercarriage parts for their construction equipment from sources other than the dealer. Construction equipment parts marketers found out that they can get such parts from many overseas sources.

Computerization and other aspects of electronic communications made a lot of parts business operations feasible, too.

But the parts distribution systems that were set up long ago by wholegoods manufacturers in various fields were based on the premise that all these alternative parts sources were not available, or not known. They were pretty much designed as go-it-alone systems to operate without much substantial competition.

Now that they have the competition, and it's formidable, they must rethink everything.

As I said earlier, I have tended to think of this industry and its parts business as a thing unto itself. And so I've said more than once to anyone who'd listen:

"Take a big distribution town like Minneapolis or Dallas or Columbus. Here are, say, three major farm equipment manufacturers with parts warehouses. Inside each one, there's a long aisle with tubs full of, say, bearings from SKF and Fafnir and others.

"And in each place, a worker goes down the aisle and plucks a specific model bearing from a tub in the process of filling an order. Each one of these workers puts the bearing on a truck. These three trucks then roll down the interstate to a town.

"At this town, each truck drops its bearing off at a different dealership. (Or now, with so much multi-franchising, maybe at the same dealership.) Hey, isn't that kind of lumpy, a bit glue-footed for today's situation?"

Then I'd say: "What would be wrong with a joint venture in which the three major farm equipment manufacturers set up a joint venture they could call Dallas Ag Parts, or something. One warehouse, one tub full of type XYZ bearing, one guy picking parts, one truck delivering to the three (or maybe just one) dealerships."

For the record, I've never been able to get an argument going on this point.

"Hey," laughs a top parts executive for one of the majors, "you're trying to make socialists out of us!"

"Well," goes my snappy rejoinder, "you're pretty good socialists already. You share the same suppliers of components. Sometimes you share the same dealers. You have other manufacturers make some of your equipment line for you. Why not hang together on parts distribution?"

But even then, I was thinking in terms of just the farm equipment industry. As the fried chicken commercial used to say, "parts is parts." Whether a bearing is destined to go on a manure spreader, a commercial mower, a forklift or an auger, it doesn't make much difference while it's sitting in a tub in a warehouse. The cost and the efficiency of its delivery to the user means everything.

And so it seems practical for a parts distribution operation to spread itself across as many industries as could be practical.

In fact, some equipment makers have been dabbling in all-makes replacement parts programs for their dealers to pursue, mostly in the industrial and construction areas.

I'm suggesting this: If a bunch of investment bankers can form a parts aftermarket business that could shoot for maximum volume across the off-highway spectrum and make good money doing it, why couldn't some of the companies already in segments of the business do it *together*?

Isn't the alternative for the farm equipment companies and the outdoor power companies and the forklift companies to continue with their own go-it-alone, duplicate-it-yourself efforts?

If the original equipment makers don't want to do *something* like that in concert, will somebody please tell me: Where are they going to find the distributive efficiencies to be competitive in their parts marketing?

But how could somebody come along and organize all or a lot of

BILL FOGARTY

parts aftermarket players (manufacturers, parts jobbers, other involved competitors) into a sleek, competitive, profitable no-duplication marketer of off-highway parts?

Golly, don't look at me. You guys are the business big shots. I'm just a reformed English major/sports-writer/news reporter who's trying to cover this beat. But if somebody doesn't figure out how to do it, someone else with a big checkbook could come in and scoop up all the profitability of the parts business.

I recently asked some leading marketing executives of this business what they thought about some aspects of the parts battle.

Me: Do you think that the industry can stem the tide just by its manufacturers and dealers doing what they're doing now, only better and smarter?

One answer: "I'd like to say yes, but precedent is against us. We should look and learn from what happened to the auto makers' share of the parts market. We're in a very difficult struggle."

Another answer: "I'm not as gloomy about the situation as some are. I've seen some wising up among the majors. I think we can keep up with the new forms of competition, but we still have a big educating job with our dealers. A lot of them don't understand the right balance between price, margin and volume. Many won't go with the competitive price, and when a major says, 'You've got to merchandise this stuff,' they'll respond, 'You'd say that.'

"We companies haven't hired, trained, motivated and rewarded our own people to excel in parts careers. We haven't given them much direction, and we have to change this for the long term."

A third answer: "Can we staunch the flow? From my perspective, some of us are going to defend ourselves pretty well, because our dealers want to buy from us as much as possible. We think we can not only defend but regain, if we do the right things.

"We're telling our dealers they have to get more involved, and I think they're listening. We see results when a dealer believes what's happening.

"But some dealers don't. They are picking up parts business because other dealers have folded. They

IMPLEMENT & TRACTOR

The Business Magazine of the Agricultural, Industrial & Outdoor Power Equipment Industry

SEPTEMBER 1989
VOL. 104, NO. 10

IMPLEMENT & TRACTOR
Editorial, advertising and circulation correspondence should be addressed to: P.O. Box 1420, Clarksdale, Mississippi 38614. Telephone: 601/624-8503

EDITORIAL
Bill Fogarty, Editor
4210 Johnson Drive, Suite 100
Fairway, Kansas 66205
Telephone: 913/677-5728

Hembree Brandon, Editorial Director
Edward A. Phillips, Managing Editor

CIRCULATION
Send change of address forms and circulation inquiries to:
Implement & Tractor
P.O. Box 1420
Clarksdale, Mississippi 38614

ADVERTISING
Darrah Parker, Production Manager
P.O. Box 1420
Clarksdale, Mississippi 38614
Telephone: 601/624-8503

Midwestern and Eastern Advertising Representative:
Thompson & Associates, Inc.
20 N. Wacker Dr., Suite 1221
Chicago, Illinois 60606
Telephone: 312/726-1020

Stockwell/Midwest
1900 Erie, Suite 203
North Kansas City, Missouri 64116
Telephone: 816/587-7484
Ray Stockwell

Haruki Hirayama
EMS, Inc.
Sagami Building 2-21
Shinjuku 4-chome, Shinjuku-ku
Tokyo 160 Japan
Telephone: (03) 350-5666
Cable: EMSINCPERIOO Tokyo
Telex: 2322520 EMSINC J

ADMINISTRATION
Tommy L. Keith, President and Publisher

Subscription Information: Implement & Tractor is edited for persons in the farm and industrial equipment industry who function in the areas of retail sales and service, distribution sales and service, marketing, engineering, financing, manufacturing and general management. Subscription prices: U.S. and Canada one year — $15, three years — $30. Single copies, $3.50, except Annual Statistical Number, $4; Product File issue, $8; Red Book issue, $8. Extra charge for service on back issues. Allow 6-8 weeks for change of address and new subscriptions. Foreign subscriptions: Air Mail only available. One year — $100; three years — $250 (U.S. currency).

Photocopy rights: Permission to photocopy for internal or personal use is granted by Farm Press Publications for libraries and others registered with the Copyright Clearance Center (CCC), provided the base fee of $2.00 per copy of article is paid directly to CCC, 21 Congress Street, Salem, Massachusetts 01970. Special requests should be addressed to Edward Phillips at the Clarksdale, Mississippi, address.

ISSN 0019-2953 $3.50 + 0.00

Copyright 1989. All rights reserved.

IMPLEMENT & TRACTOR (USPS 461-750, ISSN-0019-2953) is published monthly, except combined November/December issue, by Farm Press Publications, P.O. Box 1420, Clarksdale, Miss. 38614. Second class postage paid at Clarksdale, Miss., and additional mailing offices. POSTMASTER: Send Form 3579 to P.O. Box 1420, Clarksdale, Miss. 38614.

Farm Press Publications

INDUSTRY UPDATE

FIEI to Reorganize, Change Name: Equipment Manufacturers Institute

As of Nov. 1, the Farm & Industrial Equipment Institute will reorganize itself and change its name to the *Equipment Manufacturers Institute*.

EMI, said Emmett Barker, president, will provide national and worldwide trade association services for manufacturers of farm, industrial and construction equipment.

The FIEI board voted unanimously to make the change at an Aug. 8 meeting in Boston, Mass.

Barker said the organizational structure will place emphasis on function and product councils. Included will be a statistics council, technical council and a parts and service council. Initially, there will be 19 product councils.

Membership will be open to business firms throughout the world, Barker said. Active members will be those firms making agricultural, construction, forestry, materials handling and utility equipment.

Companies supplying related products and services will qualify for associate membership. Dues will be based on North American sales.

EMI will be governed by a 30-plus-person board, of which 10 will always represent the 10 largest dues-payers. Twenty will be elected by the membership, as will a chairman, vice chairman and second vice chairman.

Product councils will elect their own officers. Chairmen of the function councils will be appointed by the EMI chairman.

Headquarters will remain at 410 N. Michigan Ave., Chicago, Ill. 60611.

Frederick, 81, Dies; Past NAEDA Manager

Charles R. Frederick, 81, former executive vice president of the North American Equipment Dealers Assn., died Aug. 8 at St. Joseph's hospital, Kirkwood, Mo., after a stroke and heart attack.

Frederick joined NAEDA (then National Retail Farm Equipment Assn., later National Farm & Power Equipment Dealers Assn.) in 1957 and was its executive vice president from 1960 until retirement in 1973. He is survived by his wife, Nellie Lee Frederick, a son and a daughter.

July Retail Sales Surged In All But One Category

Retail sales of farm equipment were strong in July, according to the monthly flash report of the Farm & Industrial Equipment Institute. Only sales of over-140-hp, two-wheel-drive tractors showed a decline. which may have been a factor of inventory. Even tractors under 40 hp, which had been in decline for most of 1989, showed a solid gain. Biggest gainers of all were self-propelled combines.

UNIT RETAIL SALES

	July			January-July		
Equipment	1989	1988	% Change	1989	1988	% Change
Farm Wheel Tractors:						
2-Wheel Drive						
Under 40 HP	4,475	4,126	8.5	30,483	36,179	-15.7
40 & Under 100 HP	2,956	2,555	15.7	21,754	20,305	7.1
100 & Under 140 HP	257	201	27.9	2,978	2,529	17.8
140 HP & Over	629	781	-19.5	8,098	6,142	31.8
Total 2-Wheel Drive	**8,317**	**7,663**	**8.5**	**63,313**	**65,155**	**-2.8**
4-Wheel Driver						
Under 200 HP	80	38	110.5	682	555	22.9
200 HP & Over	158	64	146.9	1,643	954	72.2
Total 4-Wheel Drive	**238**	**102**	**133.3**	**2,325**	**1,509**	**54.1**
Total Farm Wheel Tractors	**8,555**	**7,765**	**10.2**	**65,638**	**66,664**	**-1.5**
Combines (Self-Propelled)	852	371	129.6	2,447	2,288	6.9
Rectangular Balers	1,350	817	65.2	3,430	3,154	8.8
Forage Harvesters (Shear Bar Type)	327	166	97.0	1,020	978	4.3
Mower Conditioners	2,116	1,018	107.9	7,372	6,569	12.2

BRIEFLY...

Fiat Geotech SpA is the new name for the group formed by the merger of Fiat Trattori, Pietro Laverdo and Fiatallis Europe in 1988. Sales in 1988 were $2.1 billion, an increase of $200 million over 1987. Fiat claims leadership of the European tractor market with 17 percent.

THE NAME SAYS IT ALL...

Superior Advantages

1. Superior uses no shims.
2. Bearing preload is predetermined and preset.
3. Gear lash and gear mesh are preset.
4. Stronger aluminum gearcase.
5. Aluminum housings increase thermal capacity.
6. Stronger gears and shafting.
7. 100% inspection and run-in.

All this supported by a 24 hr. Quick-Ship Program on standard parts and products.

Shouldn't you be using a Superior Gearbox? Call today.

P.O. Box 645, Stockton MO 65785
417-276-5191 Fax 417/276-3492
1-800/346-5745

SUPERIOR GEARBOX COMPANY

Circle (3) on Reply Card